Consumer Price Index

BC STATS

Reference date: **July 2016**

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Consumer Price Index (2002=100)

Highlights

British Columbia's consumer price index (CPI) climbed 2.1% (*unadjusted*) in July, compared to the same month of the previous year. This marks a small increase in the year-over-year rate of inflation since June, when it was 2.0%.

According to Statistics Canada, the overall annual inflation rate of 2.1% increases to 2.7% when energy is excluded from the index, and decreases to 2.0% when food is excluded.

The overall cost of food rose by 2.2% since July of last year, with the cost of both groceries purchased from stores (+1.8%) and meals purchased from restaurants (+3.1%) increasing. The rise in grocery prices was mainly due to increases in the cost of fish and other seafood (+8.6%), other food products (+3.5%), and fresh fruit (+2.7%).

The cost of shelter went up 1.6% in July, with costs for both renters (+0.9%) and home owners (+2.4%) rising. Within the shelter category, the cost of electricity increased (+4.1%) since July 2015, while the price of both piped gas (-13.2%) and fuel oil and other fuel (-3.6%) fell.

The transportation index increased 2.1% since July of last year, with the cost of both private transportation (+1.6%) and public transportation (+5.0%) going up. Within the transportation category, the cost of inter-city public transportation went up (+6.4%) in July, while the cost of gasoline fell (-8.6%), marking the sixth consecutive month in which gasoline prices declined on a year-over-year basis.

The overall cost of clothing and footwear increased 3.6% in July, with the cost of both clothing (+3.9%) and footwear (+6.0%) going up.

Compared to a year ago, consumers paid more for alcoholic beverages and tobacco products (+3.3%), recreation, education & reading (+3.0%), health & personal care (+1.9%), and household operations & furnishings (+1.4%). Some notable items with price increases within these categories are reading material and other printed matter (+9.6%), and liquor (+5.7%) and beer (+4.1%) purchased from stores.

Consumer prices in Vancouver rose 2.6% in July, above the rate of inflation for British Columbia as a whole, while in Victoria the increase in prices (+2.0%) was slightly less than B.C. as a whole.

Canada's CPI rose 1.3% (*unadjusted*) in July. Provincial inflation rates ranged from a high of 3.4% in Newfoundland and Labrador, to a low of 0.2% in Quebec. The rate of inflation in B.C. ranks third highest amongst the provinces.

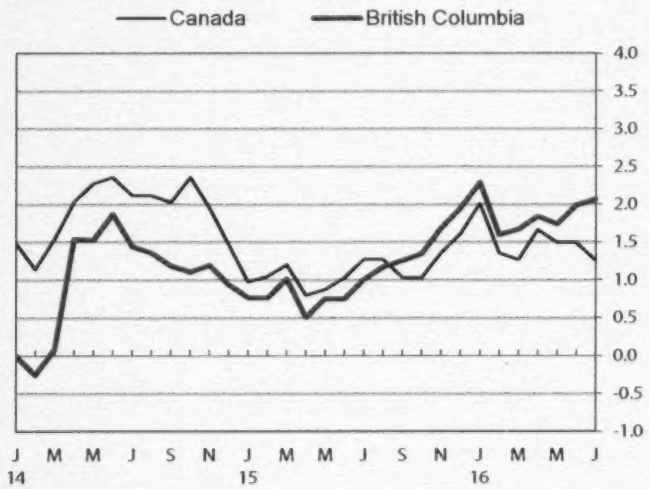
Note: Statistics Canada will release the July Consumer Price Index on September 23, 2016.

2002=100	All-Items Index July 2016	% Change from June 2016	% Change from July 2015
Canada	128.9	-0.2	1.3
BC	123.3	0.2	2.1
Vancouver	125.7	0.3	2.6
Victoria	121.7	0.3	2.0
Core Canada[1]	128.6	0.0	2.1
BC (excluding energy)	121.2	0.2	2.7

[1] The Core CPI for Canada: Defined by the Bank of Canada as the All-items index excluding the eight most volatile components (fruit, vegetables, gasoline, fuel oil, natural gas, mortgage interest, inter-city transportation and tobacco products). Also excluded is the effect of changes in indirect taxes on the remaining components.

BC and Canada Inflation Trend

(% change, same month of previous year)



2002=100	Latest 12-month Average Index (ending in July 2016)	Latest 12-month Average % Change	2015 Annual Average % Change
Canada	127.7	1.4	1.1
BC	121.5	1.7	1.1
Vancouver	123.5	2.0	1.2
Victoria	119.8	1.6	1.1

Terms and definitions

Base effect

The 12-month variation in the CPI is calculated by comparing the current month's index with the index for the same month of the previous year. The 12-month change is represented by the difference in the indexes of the reference months. Thus, the 12-month variation can decrease from one month to the next merely because the base serving as the point of comparison increased.

Source: Statistics Canada

Twelve-Month Percent Changes

Also referred to as "year-over-year", twelve-month percent changes compare indexes for a given month to indexes for the same month of the previous year. As they compare two points in time, they are influenced by unusual or temporary events that can affect either of the two months. Their calculation does not include any of the intervening monthly indexes.

Source: Statistics Canada

Annual Average Index

Annual average indexes are calculated by averaging index levels over the 12 months of the calendar year. These data should not be confused with the 12-month change in the CPI. By the nature of the calculation, averaging indexes over the calendar year gives a better representation of price behaviour over the whole year and is closer to the concept of an average price. The use of annual averages is considered the preferred option for indexation purposes.

Source: Statistics Canada

Latest Twelve-Month Average Index

The latest twelve-month average index (ending in the current month) is a 12-month moving average of the indexes of the most recent 12 months. It is calculated like the annual average index. Hence, in theory, the December twelve-month average index would be equal to the annual average index for the calendar year. However, in practice, when BC Stats makes these calculations from published data, the December 12-month average index may differ from Statistics Canada's published annual average index due to rounding.

Source: Statistics Canada

Harmonized Sales Tax

On July 1, 2010, the Harmonized Sales Tax (HST) came into effect in British Columbia and Ontario. As well, Nova Scotia increased its HST by two percentage points.

On April 1, 2013, the Harmonized Sales Tax came into effect in Prince Edward Island, while British Columbia returned to the Provincial Sales Tax and the Goods and Services Tax.

Source: Statistics Canada

Additional information

More information about the concepts and use of the CPI is available online in the Statistics Canada publication Your Guide to the Consumer Price Index (catalogue 62-557-XIB)

With the release of the May 2011 CPI, Statistics Canada has updated the basket of goods & services used in the calculation of the Index. Learn more

Prepared by: BC Stats, August 2016